

Message Text

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ACTION EB-07

INFO OCT-01 ISO-00 AF-10 ARA-10 EA-07 EUR-12 NEA-10

L-03 FRB-03 OMB-01 ITC-01 SP-02 USIA-06 AGRE-00

AID-05 CIAE-00 COME-00 INR-07 IO-13 LAB-04

NSAE-00 OIC-02 EPG-02 SIL-01 STR-04 TRSE-00

CEA-01 NSC-05 SS-15 /132 W

-----048897 140959Z /13

R 140641Z JUL 77

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 878

INFO AMEMBASSY BANGKOK

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSYBUENOS AIRES

AMEMBASSY CAIRO

USMISSION GENEVA

AMEMBASSY GEORGETOWN

AMEMBASSY GUATEMALA

AMEMBASSY LONDON

AMCONSUL DURBAN

AMEMBASSY MANILA

AMEMBASSY MBABANE

AMEMBASSY MOSCOW

AMEMBASSY OTTAWA

AMEMBASSY OTTAWA

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

AMEMBASSY PORT LOUIS

AMEMBASSY PRETORIA

AMCONSUL RIO DE JWLOYXO

AMEMBASSY SANTO DOMINGO

AMEMBASSY SUVA

AMEMBASSY TOKYO

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USOECN, ALSO FOR EMBASSY

E.O. 11652: NA

TAGS: ETRD, EAGR, AS

SUBJ: SUGAR - U.N. SUGAR CONFERENCE CONSULTATIONS

REF: A. STATE 157953, B. STATE 157273

1. EMBASSY COMBINED REFS AND B INTO TALKING POINTS
FOR RESENTATION TO MICHAEL BLAMEY, DIRECTOR NO. 1
BRANCH, COMMODITY POLICY DIVISION, DEPARTMENT OF OVERSEAS
TRADE.

2. WITH REFERENCE TO REF B, BLAMEY SAID THAT AUSTRALIA
ALSO ATTACHES CONSIDERABLE IMPORTANCE TO THE FORTHCOMING
MEETING, AS EVIDENCED BY THE STRENGTH OF ITS DELEGATION
WHICH IS MADE UP AS FOLLOWS:

A. L.P. DUTHIE
DEPUTY SECRETARY
DEPARTMENT OF OVERSEAS TRADE

B. M. BLAMEY
DIRECTOR, NO. 1 BRANCH
COMMODITY POLICY DIVISION
DEPARTMENT OF OVERSEAS TRADE

C. A. LLOYD
DEPARTMENT OF PRIMARY INDUSTRY

D. THREE INDUSTRY REPRESENTATIVES FROM CSR (CAMPBELL,
FRAWLEY AND CARTER)
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3. WITH RESPECT TO U.S. CONCEPT FOR A RESERVE STOCK AND
FINANCING SCHEME (REF A) BLAMEY HAD A NUMBER OF OBSERVA-
TIONS:

A. HAVING LOOKED AT A COPY OF U.S. PROPOSAL - AS PRO-
VIDED BY AUSTRALIAN EMBASSY IN WASHINGTON - DOT IS "QUITE
HEARTENED" BY THE MODIFICATIONS U.S. HAS MADE IN ITS
POSITION SINCE GENEVA. ALTHOUGH THERE ARE DIFFERENCES IN U.S.
AND AUSTRALIAN APPROACHES, BOTH BASICALLY COME OUT IN SAME
KIND OF WAY. THESE DIFFERENCES NOT TOO IMPORTANT AT THIS
STAGE, HOWEVER, AS AUSTRALIAN LOOK AT THEIR BRIEF AS AN
"IDEA PAPER" AND THAT LONDON MEETING MEANT CLAFIRY IDEAS
AT TECHNICAL LEVEL AND IS NOT SUPPOSED TO BE NEGOTIAT-
ING MEETING AS SUCH.

B. SIZE OF STOCK - GOA CURRENTLY LOOKING AT STOCK LEVEL
OF AROUND 2-2.5 MILLION TONNES. THEY REGARD 3 MILLION TONNE
U.S. FIGURE AS BEING TOO HIGH.

C. PHASING - GOA APPEARS SATISFIED WITH U.S. PROPOSALS

D. SUGAR STABILIZATION FEE - GOA HAD ORIGINALLY VISUALIZED FEE AS BEING COLLECTED BY BOTH IMPORTING AND EXPORTING COUNTRIES, BUT THIS SCHEME POSED DIFFICULTIES IN CONNECTION WITH NON-MEMBER IMPORTING COUNTRIES WHICH MIGHT SLIP THROUGH NET. THEY NOW FEEL U.S. SCHEME HAS A NUMBER OF ATTRACTIONS. THE LDC'S SHOULD NOT COMPLAIN AT THE CONCEPT EXPORTING COUNTRIES COLLECTING FEES ONLY ON EXPORTS TO NON-MEMBER COUNTRIES. GOA HAS NOT REALLY FOCUSED ON IDEA OF STAMPS AND BELIEVE IT MAY NOT REALLY BE NECESSARY. THIS ASPECT MUST BE TALKED ABOUT.

E. ALTHOUGH GOA HAD ENVISIONED SCHEME OF DIRECT PAYMENTS (EITHER IN WHOLE OR IN PART) AS AGAINST U.S. LOAN SCHEME, THEY NOW SEE CONSIDERABLE POSSIBLE ATTRACTIONS IN U.S. IDEA, LIMITED OFFICIAL USE

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NOT THE LEAST OF WHICH WOULD BE RELATIVE EASE OF SELLING PROPOSAL TO OTHER IMPORTING COUNTRIES.

F. CARRYING COSTS - GOA CONCERNED THAT USG MAY NOT HAVE TAKEN "CAPITAL COSTS" INTO CONSIDERATION WHEN ARRIVING AT ONE CENT PER POUND PER YEAR FIGURE. GOA HAS DONE ITS SUMS AND HAS COME UP WITH A FIGURE OF 2 CENTS (ABOUT HALF OF WHICH IS

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USOECD, ALSO FOR EMBASSY

FOR COST OF MONEY).

4. AS DEPARTMENT AWARE, L. DUTHIE WILL BE IN WASHINGTON ON MONDAY, JULY 18, AND WILL HOLD TALKS WITH ASSISTANT SECRETARY KATZ. BLAMEY EXPECTS THT DUTHIE WILL CERTAINLY WISH TO TALK TACTICS FOR JULY 20 MEETING. AS BLAMEY SEES IT, IF U.S. AND AUSTRALIAN PAPERS PUT FORTH EARLY, U.S. AND AUSTRALIA WILL RISK "BEING BEATEN ABOUT THE HEAD" BY LDC'S, A RISK FOR ANY COUNTRY WICH COMES UP WITH DEFINITE IDEAS. IF POSSIBLE TO ARRANGE, BLAMEY ENVISAGES SCENARIO WHEREBY CHAIRMAN, JONES-PARRY, WOULD ANNOUNCE THAT AT LAST MEETING IN GENEVA ALL COUNTRIES HAD BEEN ASKED TO COME UP WITH IDEAS, AND WOULD THEN CALL ON THOSE COUNTRIES LEAST LIKELY TO HAVE SUCH SOLID IDEAS TO PRESENT THEIR VIEWS. BY TIME AUSTRALIA AND U.S. CALLED ON, THE ATTRACTIVENESS OF U.S. AND AUSTRALIAN PROPOSALS WOULD BE SEEN BY MOST TO BE IN SHARP CONTRAST TO PAUCITY OF OTHER PROPOSALS.

5. BLAMEY SAID AUSTRALIAN PAPER (WHICH DUTHIE MIGHT WELL GIVE TO KATZ) CONTAINED THREE MAIN ITEMS NOT IN U.S. PAPER AS SEEN BY AUSTRALIANS. HE SURE DUTHIE WOULD WISH DISCUSS THESE ITEMS WHICH ARE AS FOLLOWS:

A. U.S. PROPOSAL APPEARS TO CONTAIN NO ARRANGEMENT FOR WINDING-UP SCHEME (AUSTRALIA DOES NOT WANT TO BE CAUGHT FLAT-FOOTED WITH LARGE STOCKS ON HAND WHICH IT WOULD BE FORCED UNLOAD PRECIPITIOUSLY AT TERMINATION OF AGREEMENT).

B. AUSTRALIA BELIEVES THAT AGREEMENT SHOULD CONTAIN DEFINITE LINK WITH ON-GOING DISCUSSIONS ON COMMON FUND. LIMITED OFFICIAL USE

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THEY BELIEVE SUCH A LINK WOULD BE ATTRACTIVE TO LDC'S.

C. AUSTRALIAN INCLINED BELIEVE THAT AGREEMENT SHOULD CONTAIN PROVISIONS FOR VOLUNTARY CAPITAL CONTRIBUTIONS. THESE CONTRIBUTIONS COULD BE USED TO HELP EXPORTING COUNTRIES FINANCE ADDITIONAL STORAGE AND TO PAY FOR THE CONSTRUCTION OF STORAGE FACILITIES.

6. BLAMEY SAID THAT DUTHIE WOULD ALSO WISH TO DISCUSS THE GENERAL QUESTION OF STORAGE CAPACITY WITH KATZ (IN RELATION TO THE 3 MILLION TONNE FIGURE.) GOA CONCERNED THAT MANY COUNTRIES WON'T HAVE SUFFICIENT FACILITIES AND WILL HAVE TO BUILD (IN THIS CONNECTION, THE PHASE-IN IS A HELP OF COURSE). EVEN AUSTRALIA WOULD HAVE TO BUILD FACILITIES AND WOULD HAVE INTERNAL FINANCING PROBLEMS (RELATING TO THE FACT THAT THE SUGAR BELONGS TO THE STATE OF QUEENSLAND AND THUS FINANCING WOULD HAVE TO BE CLEARED BY THE ALWAYS HARDPRESSED AND TIGHT-FISTED AUSTRALIAN LOANS COUNCIL). ALSTON

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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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